

STATE OF TEXAS §  
COUNTIES OF ARANSAS §  
SAN PATRICIO AND NUECES §  
CITY OF ARANSAS PASS §

On this the 23rd day of September, 2013 the City Council of the City of Aransas Pass convened in a Regular Meeting being open to the Public at the regular meeting place thereof in the City Hall and notice of said meeting giving the time, place, date and subject hereof having been posted and prescribed by Chapter 551 of the Texas Government Code with the following attendance to wit constituting a quorum.

PRESENT:	Adan Chapa	Mayor
	Phillip Hyatt	Mayor Pro Tempore
	Ramiro Gomez	Council Member
	Vickie Abrego	Council Member
	Billy Ellis	Council Member

ABSENT:

ADMINISTRATIVE

PERSONNEL PRESENT:	Allen Lawrence	City Attorney
	Sylvia Carrillo	City Manager
	Yvonne Stonebraker	City Secretary

ADMINISTRATIVE

PERSONNEL ABSENT:

STAFF PRESENT:	Amanda Torres	Administrative Assistant
	Bill Haines	EMC/Admin Coordinator
	Eric Blanchard	Chief of Police
	Michael Holmes	Building Official
	Paul Alvarado	Public Works Director
	Sandy Roddel	Finance Director
	Donna Cox	Municipal Court Judge
	Rick Kilgore	Fire Chief
	Sarah Lee	Civic Center Director
	Brooke Ostrom	Social Media Intern
	James Hale	Street Supervisor
	Cande Torres	Utility Supervisor
	J.P. Gonzales	Head Meter Reader

OTHERS PRESENT: Annita West, Mike & Jan Moore, Don Brummett, Irwin Walters, Grant Erickson

*There may have been others present who did not sign in.*

1. **CALL MEETING TO ORDER.**

Mayor Chapa called the meeting to order at 7:00 P.M. on September 23, 2013.

2. **INVOCATION AND PLEDGE OF ALLEGIANCE TO THE UNITED STATES FLAG.**

Mayor Chapa gave the invocation and led the Pledge of Allegiance to the United States Flag.

3. **CONSIDER AND ACT ON BUDGET AMENDMENTS FOR FY 2011-2012 CITY OF ARANSAS PASS BUDGET.**

City Manager Carrillo explained to the City Council that unbudgeted line items were found of around \$264,000 in the auditor's report and reserves were drawn down. These expenditures were related to losses at the Citizens' Collection Station and the Aquatic

Center. The Citizens' Collection Station suffered a loss of \$174,824. A portion of this amount was to pay for the services of a third-party solid waste contractor to clean up the site. The Aquatic Center also suffered a loss of \$89,597.

The City's fund balance prior to the budget amendments was \$2.1 million. After drawing down reserves, the amount would be \$1,836,274. Drawing down reserves would require council action but the money has already been expended.

Mayor Chapa asked who signed off on the expenses. City Manager Carrillo stated that she believed it was the city manager at that time that approved them. There was council action taken for the Citizens' Collection Station. She also explained that the Aquatic Center losses are operating losses and that there was already a transfer of funds from the general fund. The \$90,000 loss was in addition to what the city had transferred.

Mayor Pro Tem Hyatt asked if fiscal year 2011-2012 was the year when the pool had problems to which the council learned that there had been a crack in the pool. City Manager Carrillo stated that the proposed loss at the Aquatic Center would be \$119,000.

Mayor Pro Tem Hyatt made a motion to amend fiscal year 2011-2012 City of Aransas Pass budget to reflect the drawing down of the fund balance to \$1,836,274. Council member Gomez seconded the motion and the motion carried 4-1.

4. **CONSIDER AND ACT ON BUDGET AMENDMENTS FOR FY 2012-2013 CITY OF ARANSAS PASS BUDGET.**

City Manager Carrillo stated there were a number of surprises in terms of the number of losses the City has encumbered. The loss for 2012-2013 will be an estimated loss until the auditor completes his audit in May. Losses include a reduction in revenue from sales tax of \$90,000 and a reduction in revenue from the Municipal Court of \$130,000. The Aquatic Center suffered another big loss of revenue of \$113,000, which is in addition to the General Fund transfer of \$126,000. Also, funds have been committed for the Boating Access Grant – bulkhead repair at Conn Brown Harbor of \$202,137. The committed funds had not shown up on the budget sheets.

The Citizens' Collection Station has an expected loss of \$70,190. The actual loss will be around \$120,000, an additional \$50,000 more than what was expected. No additional depletion of shingles or brush dumped at that site was completed during the 2012-2013 fiscal year. The City is in negotiation with the state to burn the brush, which could potentially save the City \$250,000.

The Harbor was expected to have a revenue surplus in fiscal year 2012-2013; however, invoices were received of \$265,000 from the City's engineering consultants. Those bills have not been audited but still need to be shown in the City's financial records. This would result in a loss in the Harbor fund of \$136,000.

City Manager Carrillo discussed conducting a third-party audit to audit all of the City's financials. At that time, the projected loss would be \$367,000 with an additional \$100,000 fund transfer from the Water-Sewer fund. While historically the Water-Sewer fund has been used to balance the General Fund, it should be used to fund infrastructure. \$100,000 will be transferred from the savings of the water tower for wastewater treatment plant repairs. The Water-Sewer fund should be able to sustain the funds for those repairs if a transfer to the General Fund wasn't necessary.

City Manager Carrillo stated that she is proposing a balanced budget in fiscal year 2013-2014. In addition, she would like to include a financial impact worksheet with every agenda item.

Mayor Pro Tem Hyatt asked why the Aquatic Center did so poorly in comparison to other years. City Manager Carrillo reviewed the Aquatic Center's operating budget with the Council. The Income – Daily Entry line item was projected to earn \$275,000.00 in fiscal year 2013. However, the year end estimate for that line item was \$197,000.00, a decrease of \$78,000.00. Projected total revenue was estimated to be \$501,186.00, including a transfer of \$126,000.00 from the General Fund. Including the transfer, the year end estimate of Aquatic Center revenues is \$421,404.34.

In expenses, capital outlay-equipment exceeded budget at \$15,678.79. City Manager Carrillo stated that absolutely necessary repairs were made and that the pool would be in need of dire attention within the next year or so. Other notably large expense accounts included the Utilities – Natural Gas expense account, which was around \$16,000, and the Supplies – Pool Chemicals expense account, which was around \$54,000.00. Total expenditures are estimated to be \$534,920.38, which would leave the Aquatic Center with an operating loss of \$113,505.19.

Council member Abrego asked whether any of the major repairs needed were any of the ones funded by the Municipal Development District in prior years. City Manager Carrillo responded that the last MDD transfer occurred in 2010 and that repairs needed including shifting and trip hazards. Council member Abrego asked if staff could look into when the MDD funded repairs and if there were any warranties on the work completed.

City Manager Carrillo reviewed profits from the Citizens' Collection Station as early as 2007, when profits began to decrease, leading up to the fund's current big losses. Mayor Pro Tem Hyatt commented that the hailstorm in 2011 compounded the problems at the Station. City Manager Carrillo stated that the cost to remove the shingles and other storm-related debris would be over \$270,000.

Mayor Pro Tem Hyatt asked why internet services at the Aquatic Center were over \$1,000.00. City Manager Carrillo responded it was because of allocations divided among city departments. However, Finance Director Sandy Roddel stated the amount was not an allocation but the actual cost of internet expenses at the Center, approximately \$100.00 per month.

City Manager Carrillo brought up positive financial events happening to the City, such as selling aerial rights of a City water tower to a cell phone tower company and mitigation on Ransom Island by Cheniere. However, she stated that those events would not change the need for an audit and more efficient processes.

Council member Abrego asked how many employees were accounted for in the Salaries line item at the Aquatic Center. City Manager Carrillo responded that there were three full-time employees: Brittany Mathews, Director; Jacob Ostrom, Assistant Director and Louis White, Pool Maintenance Technician and seasonal lifeguard employees, which make up the bulk of the cost in the line item. While there is not an additional cost for insurance for the seasonal employees, the total cost of salaries with labor burden such as Social Security and Medicare still amounts to \$132,000.

Council member Abrego asked why there was such a significant difference in the Income – Daily Entry line item between what was budgeted and what was actually earned. City Manager Carrillo responded that it was because of an over projection in that line item. Council member Abrego suggested that the Chamber of Commerce do more to advertise both the Aquatic Center and the Civic Center. Finance Director Sandy Roddel commented that she had thought the Aquatic Center had to close down during Spring Break because of problems with pool chemicals.

City Manager Carrillo then reviewed the Harbor Fund with the City Council. In fiscal year 2012-2013, \$164,787.00 was budgeted for Environmental Projects. However, there are differences between what the City's engineering firm said was completed and invoices

received. For example, while City records show that no work was completed at Gulf King this fiscal year, Naismith Engineering submitted invoices of \$69,760.22. None of the invoices submitted have been audited.

City Manager Carrillo stated she had a litany of emails from prior city managers discussing Naismith's work. Mayor Chapa asked which city managers had discussed the work. City Manager Carrillo replied that she had emails from Kandi Hubert and Reggie Winters. Some council action was completed on submitted invoices in 2009.

Council member Abrego asked why lease payments at the Harbor were less than budgeted. City Manager Carrillo replied that overall revenues at the Harbor were down by \$24,000.00. She explained that the budgeted amount for Redfish Willie's percentage of sales was an estimated receipt made up of ad valorem taxes, restaurant receipts and other items.

Mayor Chapa asked for clarification on the Lease Management – Handsome Sailor Maintenance line item. City Manager Carrillo responded that Handsome Sailor entered an agreement with the City to do repairs to their property and the City would reimburse them as part of their lease. She further explained that in the future, similar repair agreements would be part of the lessee's agreement and the Council could have the option to give a discount on the lessee's rent if they chose to do so.

City Manager Carrillo explained that for future leases, a thorough background and credit report check will be completed on companies wanting to obtain a harbor lease. Expenditures in the Capital Outlay over \$300 line item including replacing roofs on the cabanas at Harbor Park.

Mayor Chapa asked for more information on the LWR project. City Manager Carrillo explained that it was a contentious item. The City Council authorized up to \$100,000 to go to the project. However, the bill exceeded its budget by \$4,944. The City Manager is not allowed to expended more than what was authorized by the City Council.

Council member Abrego asked how much the City has paid to Naismith. City Manager Carrillo responded that she had bills totaling up to \$600,000.00, of which the City Council has seen some but not all of the invoices. Council member Ellis asked when the Council could see the invoices. City Manager Carrillo stated that she was still in the process of gathering invoices.

Finance Director Roddel responded that the invoices were organized by project number but City Manager Carrillo added that those invoices were not audited to verify whether a deliverable was received. Also, City Manager Carrillo mentioned that she had received a visit from a representative from the Texas General Land Office with concerns of the grant expenses billed and the City will be working with them to resolve issues.

Council member Abrego asked if there would be any other means of income for the Citizens' Collection Station. City Manager Carrillo responded that she didn't believe the site had the capacity to take on any other cities' waste. Typically, that would be a source of revenue.

Council member Gomez asked whether the proposed fees would be profitable for the City. City Manager Carrillo that the City intended to at least to break even with the proposed fees and the savings generated with a contract from a solid waste provider. Council member Abrego asked how there would be accountability on payments received at the Station. City Manager Carrillo responded that a Point-of-Sale system was needed throughout the City.

Mayor Chapa expressed concern that people would choose to dump illegally rather than pay the fee. City Manager Carrillo responded that the fee proposed was actually lower

than what the City had charged in the past. Mayor Pro Tem Hyatt asked about companies purchasing recyclables from the City. City Manager Carrillo responded that the City sells its scrap metal and the City's latest attempt was to have someone purchase the shingles dumped there.

Mayor Chapa commented that he had heard a lot of compliments about the City's code enforcement department. City Manager Carrillo stated that city staff planned to present four to five ordinances in the month of October with the intention to clean up the City. She also mentioned that \$38,000 had been designated in the budget for mowing overgrown lots.

Council member Abrego asked if there would be a cap on what a third-party mowing contractor could charge when mowing city lots. City Manager Carrillo responded that the City would be using rates provided by FEMA. The cost of mowing a single lot would be \$205.00. She said the City hoped to recoup losses either via a charge to the owner's utility bill or a lien on the property. In addition, she expressed that land on developed streets should be cleared and land on undeveloped streets should be at least on a tolerable level.

Council member Abrego made a motion to accept the budget amendments for fiscal year 2012-2013 for the City of Aransas Pass. Mayor Pro Tem Hyatt seconded the motion and the motion carried unanimously.

5. **CONSIDER AND ACT ON PROPOSED CITY OF ARANSAS PASS ORDINANCE AMENDMENTS.**

Council member Abrego had a question regarding the first proposed ordinance amendment about building permit fees whether the fire inspection fee was for commercial or residential properties. City Manager Carrillo replied that it was for commercial properties.

Mayor Pro Tem Hyatt asked Fire Chief Rick Kilgore what was looked for in a fire inspection. Fire Chief Kilgore responded that he was looking for exposed wiring, electrical boxes or anything that might cause a fire hazard, as well as making sure there are sprinklers and fire extinguishers. Mayor Pro Tem Hyatt was concerned that commercial property owners would be billed the same fee twice. City Manager Carrillo clarified that for a new building, the cost is with the Certificate of Occupancy fee. Then an annual fire inspection would be required, which is a different fee.

Mayor Pro Tem Hyatt asked if the \$1.50 Fire Safety Fee would be designated for Fire Department equipment. City Manager Carrillo explained that in the first year, revenues from the fee would supplement the General Fund. Mayor Pro Tem Hyatt expressed that he would like to see future revenues from the fee go toward funding equipment for the Fire Department. Council member Abrego also asked if revenues designated to the Fire Department from the Certificate of Occupancy fee be earmarked for fire equipment. City Manager Carrillo responded that she could not answer for this fiscal year but she would come back with a budget amendment if she thought it was feasible.

Council member Abrego asked how much revenue the \$1.50 Fire Safety Fee would generate for the City. City Manager Carrillo responded that it would be around \$70,200.00. Council member Abrego asked how much revenue was expected from changes in building permit fees. City Manager Carrillo responded that building permit fees were expected to generate \$58,000.00 in revenue, \$15,000.00 for Certificates of Occupancy fees, \$15,000.00 for electric permit fees, and \$10,000 for plumbing permit fees. Council member Abrego asked how much revenue the Fire Inspection Fee would generate. City Manager Carrillo responded that it would generate \$10,000.00.

Council member Abrego asked what happened when a property was found to be in violation during the Fire Inspection. City Manager Carrillo responded that Fire Chief

Kilgore works with the owner to correct the situation but if it a serious violation, electric will be disconnected from the property.

Council member Abrego made a motion to approve ordinances 1, 2, 3, 5 and 6 as written. Council member Ellis seconded the motion and the motion carried unanimously.

Mayor Pro Tem Hyatt made a motion to approve an ordinance amending Chapter 29 Utilities by adding Section 29-11 to assess a \$1.50 per month per utility account fee entitled "Fire Safety Fee" for the first year to fund the General Fund and subsequent years to be designated for the purchase of equipment for the Fire Department. Council member Ellis seconded the motion and the motion carried unanimously.

**6. CONSIDER AND ACT ON APPROVAL OF ORDINANCE NO. 2013-4042 – ADOPTING THE FY 2013-2014 BUDGET OF THE CITY OF ARANSAS PASS.**

City Manager Carrillo stated that the budget took into account losses expected at the Aquatic Center and the Citizens' Collection Station. She added that with intense marketing efforts at the Aquatic Center and the new collection fees, she hoped that the loss would not be that big.

Mayor Pro Tem Hyatt asked when the new fees at the Collection Station would go into effect. City Manager Carrillo responded after the second reading and approval of the ordinance on October 7.

City Manager Carrillo said the expenditures also considered four special requests: \$35,000.00 in Park Equipment, \$65,000.00 in Street Repair, \$20,000.00 for the Pelican Cove Fence and \$15,000.00 for Saunders Street improvements. Mayor Chapa suggested that the funds allocated for the Pelican Cove Fence be used for something else. Mayor Chapa said in response that repairing the fence would set a precedent for the City to continue maintenance on it.

Council member Abrego asked if there could be a way for the City just to repair it once without keeping the liability of continued maintenance. City Manager Carrillo explained that even after the repair would be made, the Council could expect to revisit the issue ten to twenty years later. She stated that either the City should take down the fence completely or repair it.

Council member Ellis made a motion to approve Ordinance No. 2013-4042 – adopting the FY 2013-2014 budget of the City of Aransas Pass, removing the \$20,000 allocation for the Pelican Cove Fence. Mayor Pro Tem Hyatt seconded the motion and the motion passed with a 3-1 vote with Council member Abrego voting in opposition and Council member Gomez abstaining.

**7. CONSIDER AND ACT ON APPROVAL OF ORDINANCE NO. 2013-4043 – SETTING A PROPERTY TAX RATE OF \$0.680354, EQUAL TO THE EFFECTIVE TAX RATE, PER \$100.00 VALUATION. THE TAX RATE WILL BE REDUCED BY 2.26% FROM 0.695758 PER \$100.00 VALUATION.**

City Manager Carrillo commented that the proposed tax rate is lower than the tax rate adopted last year, as well as lower than Ingleside, Kingsville and Robstown. The City of Corpus Christi is close behind at \$0.59. The average tax rate around the state is \$0.74.

Mayor Pro Tem Hyatt made a motion to set the property tax rate to \$0.680354, equal to the effective tax rate per \$100.00 valuation. Council member Ellis seconded the motion and the motion carried unanimously.

**8. CONSIDER AND ACT ON NOMINATING A PERSON FOR PLACE 6, BOARD OF DIRECTORS, NUECES COUNTY APPRAISAL DISTRICT.**

City Manager Carrillo explained that Richard Pittman is the current representative on the Nueces County Appraisal District Board. The council decided to pass on the item.

9. **CITIZENS' COMMENTS.**

No comments.

10. **ADJOURNMENT OF MEETING.**

Council Member Ellis made a motion to adjourn the meeting. Mayor Pro Tem Hyatt seconded the motion and the motion carried unanimously.

Mayor Chapa adjourned the meeting at 8:23 P.M.

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Adan Chapa, Mayor

Attest:

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Yvonne Stonebraker, City Secretary